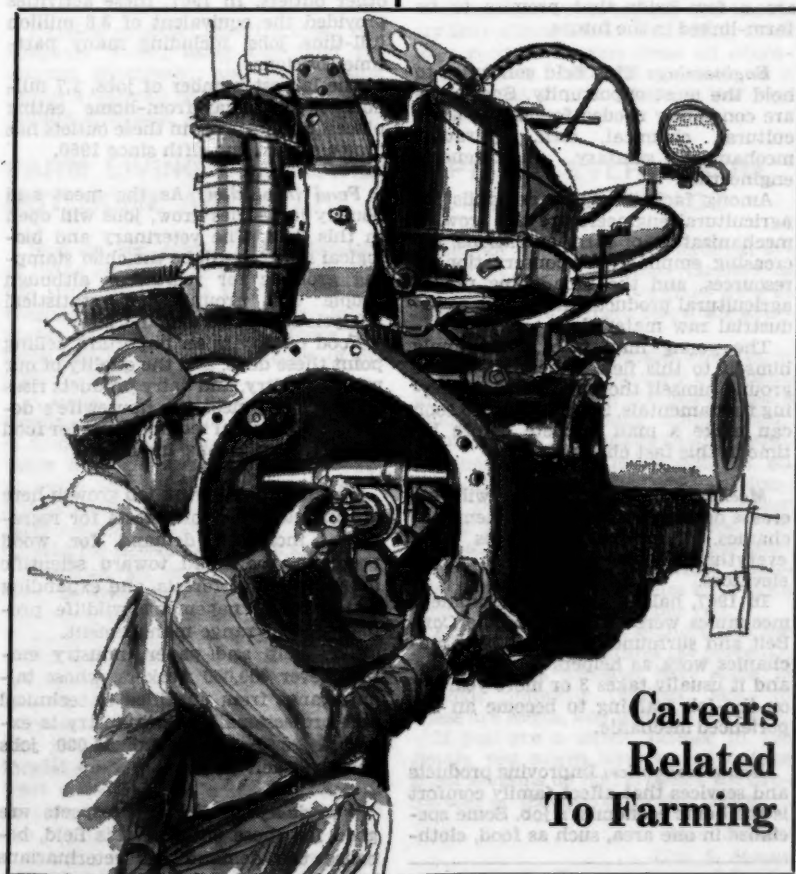


# Agricultural Situation

Statistical  
Reporting  
Service

U.S. Department  
of Agriculture

Vol. 52, No. 10



Careers  
Related  
To Farming

## WITH TRAINING PLUS A FARM BACKGROUND, JOB OPPORTUNITIES ARE PLENTIFUL

Boys who grow up on farms these days will not all have the opportunity to follow in their farmer father's footsteps as our farms become fewer and bigger. But jobs in agriculture-related fields and agri-business will be plentiful—for those with the training.

Where are they likely to be? Here are a few fields that promise to be farm-linked in the future.

**Engineering:** This field continues to hold the most opportunity. Specialists are constantly needed for jobs in agricultural, chemical, civil, hydraulic, mechanical, sanitary, and general engineering.

Among factors upping demands for agricultural engineers are the growing mechanization of farm operations, increasing emphasis on conservation of resources, and the broadening use of agricultural products and wastes as industrial raw materials.

The young man who would apply himself to this field is best advised to ground himself thoroughly in engineering fundamentals. Specializing too soon can make a man obsolete before his time in this fast changing field.

**Mechanics:** Mechanization will increase demand for farm equipment mechanics. This jack-of-all-jobs fixes everything from tractors to grain elevators.

In 1967, half of the farm equipment mechanics were employed in the Corn Belt and surrounding States. New mechanics work as helpers for 6 months, and it usually takes 3 or more years of on-the-job training to become an experienced mechanic.

**Home economics:** Improving products and services that affect family comfort is the home economist's job. Some specialize in one area, such as food, cloth-

ing and textiles, or housing. The greatest demand will be for home economics teachers, but demand in social science fields may increase.

**Industry:** Three out of every 10 jobs in private industry are related to agriculture in some way. For example, the meat and poultry dressing industry employs upwards of 300,000 people; milk processing creates jobs for over 250,000; baking, fruit and vegetable canning and freezing, and the cotton and fabrics industry employ over 650,000.

**Food Marketing:** Many jobs are created as foods are assembled, wholesaled, and retailed in stores, restaurants, and other outlets. In 1967, these activities provided the equivalent of 3.6 million full-time jobs, including many part-time positions.

The largest number of jobs, 1.7 million, is in away-from-home eating places. Employment in these outlets has grown almost one-fifth since 1960.

**Food inspection:** As the meat and poultry industries grow, jobs will open in this field. The veterinary and biological sciences will be the chief stamping grounds for recruiters, although people well grounded in statistical analysis will be in demand also.

Food quality is an important selling point these days, and the quality of our meats, poultry, and dairy products rises each year to meet the housewife's demands. Technical requirements for food graders vary among industries.

**Forestry:** Triggering job growth here are increased use of forests for recreation, increased demand for wood products, the trend toward scientific management of forests, and expanding wasteland management, wildlife protection, and range management.

The pulp and paper industry employs over 600,000 workers, whose talents range from unskilled to technical and professional. This industry is expected to have around 14,000 jobs opening each year.

**Veterinary medicine:** Prospects are good for those entering this field, because the demand for veterinarians has always exceeded the supply. The

popularity of riding horses in rural and suburban areas has helped keep up the demand.

**Biology:** People working in the biological sciences will work at maintaining our abundant agricultural production and enhancing it. One biological science closely related to agriculture these days is entomology: we've got to limit insect pests without destroying nature's balance.

In biology as well as in almost all the physical sciences, the man with the Ph. D. is the one who will be in demand for important research and for teaching. Prospects are more limited for people with less education.

**Physical sciences:** Assuring clean and adequate water, using our land resources effectively, and maintaining nature's balance will be the jobs that require chemists, geologists, metallur-

gists and geophysicists. Oceanography, a field that has a mystique second only to space for the young these days, will require growing numbers of specialists.

**Behavioral sciences:** What people like to eat affects what farmers grow. How they like it influences the food processing industry. How much they like it regulates what they will pay for it.

Psychologists, economists, marketing specialists, and other people who investigate the attitudes of buyers are increasingly in demand. Behavioral scientists are also necessary to project export trends by studying the buying habits of other nations.

**Computers:** This hungry new industry that affects almost everything these days recruits workers from all educational levels. Aptitude in math or a background in statistics are the keys to advancement.

## FARM LIVING STANDARDS IMPROVE EVERYWHERE BUT SOME AREAS ARE STILL BELOW AVERAGE

How do you compare the standard of living on farms in your county with the situation several years before? In neighboring States? With the United States as a whole? Making these difficult comparisons is the purpose of the level-of-living index.

A gauge for relating conditions of family well being in one county to that of families in all other U.S. counties, it takes in such items as yearly sales, property values, and numbers of cars, homefreezers and telephones for each farm household. Here's what the index showed for census years 1959 and 1964:

Although all States improved their level of living between 1959 and 1964, many in the South remain far below the Western States. Most of the 16 States which had indexes lower than the national average of 122 (1959=100) were located in the South.

Farm households in counties with the lowest levels of living had the largest share of nonwhite residents, the least schooling, the smallest share of persons in productive age groups, and the largest share of old folks.

Arizona and California farmers and ranchers experienced the highest living

levels—at least double the national average. At the same time, farmers in Mississippi and West Virginia were at levels about 10 percent below the average for the period.

Prosperity in the counties where farm families live best apparently goes hand in hand with more of the basics—more schooling, more young adult family members, and more males than females.

Generally, farm households at all levels have more school-age children, more middle-aged adults, and fewer young adults than for the total U.S. population. But grading the farm population into five levels of living (quintiles), the top three quintiles have more young adults than the other two.

Although the lowest quintile has the largest share of nonwhites (57 percent), the top three quintiles have some 15 percent nonwhite families. Most of these are Negro, and living in the West.

If you are a single farmer in the South, you might have an advantage other sections do not. It seems the proportion of females is greater there.

John Zimmer  
Elsie S. Manny  
Economic Research Service

## CONSUMERS CREDIT COTTON WITH FIRST PLACE

Whether or why gentlemen prefer blondes, ladies seem to prefer cottons.

Cotton fabrics dominate milady's warm weather wardrobe, according to a recent SRS study of attitudes about apparel fibers. Except for slips, where nylon was tops, women's responses implied a number of important benefits to cotton in clothing.

They cited, for example, that cottons have and keep their good appearance and good fit—essentials the ladies seemed to look for most when buying clothes.

The ladies also liked cotton because they considered it cool and lightweight for warm weather wear. Another feature cited was cotton's washability, considered a key criterion for summer dresses, skirts, and slips.

But there seemed to be at least two drawbacks to wearing cotton textiles: The ladies felt that cotton wrinkled easily and required too much ironing.

Blends of cotton and synthetics, although mentioned as less frequent in the wardrobe than cotton, showed a rising trend in acceptance since the last survey.

The blends, it seems, enjoyed most of cotton's positive image with the ladies: Good fit and good appearance—coolness and lightweight—although cotton was thought to possess these qualities in greater measure. Many of the ladies also believed blends needed little or no ironing and were somewhat more wrinkle-resistant than cottons.

For most products studies, the women interviewed least appreciated rayon and nylon. Both fibers were faulted for fraying and for pulling at the seams, for being difficult to iron, and for clinging to the body. Also, many of the women said that nylon textiles were warm. They thought rayon had a poor appearance, wrinkled easily, and was quick to lose its shape.

One saving grace for all-nylon material with the distaff critics, however, was its use for slips—both half and whole. One reason seemed to be that slips were the only garments in the study for which appearance was not a major factor. The ladies noted that slips required first good fit, then machine washability, and finally, little need for ironing.

## Low UNemployment in Rural Areas is Often Coupled with High UNDERemployment Levels

In rural areas unemployment figures often are low, but they don't tell the whole story. The real problem is underemployment—much the same story with a slightly different text.

For example, there's the man who can farm 100 acres, but has only 50 to work, or the housewife who wants a job but has not been able to get one. Neither shows up in the count as unemployed, but both might as well be considered so. She's actually not working, and he in effect, isn't either—at least half the time.

Both of these people are suffering from lower incomes than they could earn if there were greater opportunity for them, and if they were better equipped to latch on to what few opportunities they do have.

There are no easy solutions, say specialists from USDA and Clemson University who studied some of the problems recently.

There are lots of rural communities such as the 10 northeastern coastal plains counties in South Carolina studied, that are in the same plight.

Farming still flourishes in those counties, but farm labor has given way to machines for important crops such as cotton and soybeans. Others, such as tobacco are facing imminent mechanization.

But the most frustrating part is that rising nonfarm employment coupled with a low level of unemployment creates a mirage that hides the limited skills and low incomes.

New industry boosted nonfarm employment 63 percent in a decade, for example. But it hasn't been sufficient to keep local youth gainfully busy, nor to help many former farm families raise incomes above the poverty line.

Bogging them down are deep-rooted problems of lack of education and

training for new skills essential to progress.

So, more than half the youths in that South Carolina district, typical of much of rural youngsters today, leave the country to try for a better future in the city.

But this shortchanges the rural community of its most likely candidates for new skills.

Further, many of those left at home, both old and young, are farmers without farms, workers without skills. And they are without the means in sight to better their dilapidated housing, or do much to improve their way of life.

Many of the country youngsters leaving home, spurred on by dreams of greener paychecks, are poorly prepared for their urban roles. Poorly trained for city jobs, some will form a new low-income group in the city, where heavy emphasis is on special skills and high cultural and educational backgrounds.

But, most hampered by lack of education and skills are the rural housewives. One-fifth of them are unemployed. Add in those who would work if it were available or if they had the skills, the share of unemployed wives rises to a staggering 45 percent of those in the labor force.

And it isn't because they're unwilling to work. Willingness to accept change plus capacity for self-improvement were marked in the housewives. In fact, as a group they had more schooling and keener interest in retraining than their husbands.

About three-fifths of the 10-county rural population is nonwhite. Among youth under 20, nearly two-thirds are nonwhite, and compose a greater ratio of youths leaving the country for the city. But regardless of color, more than half of all the residents have incomes below the poverty level.

Unemployment of rural household heads in the 10 counties, although low at 3.4 percent, is deceiving because median rural family income was \$2,733, compared with the established national poverty level of about \$3,200 a year, and the U.S. median income of \$8,341 for a family of four.

Despite sincere desires of parents for their children's education, the rural youngsters growing up seemed bogged down—tied to the low level of parental attainment.

But there is a general desire to improve among rural families. Many were enthusiastic about possible further adult education and retraining for new job skills. This desire is one of the requirements for advancement, according to the specialists, along with willingness to accept change.

Although many rural adults seemed willing to commute or move nearby for better job opportunities, most would not consider moving far from their hometowns.

Manufacturing employment advanced 80 percent in the 10 counties during 1955-66—much faster than for the entire State. But poverty and underemployment were dominant despite an increase of 17,000 factory jobs, and the climbing manufacturing payroll that equaled farm receipts by 1966.

Looking at the many-sided challenge of rural change—mechanized farming, new industry, migrating youth, lack of skills—the study suggests some ways to improve incomes and levels of living. Mostly they boil down to changes in personal attitudes and in cooperation among agencies and people.

Because of their willingness to improve their lot, rural housewives in the area studied offer a substantial force of untapped labor, especially for light industry employing women.

Other props to prosperity would result from fulfilling the desperate need for remedial education, improving the preschool climate and generally more intensive educational programs.

There is little adequate rental housing in this area. There is a great need for programs to provide low-cost private housing and home improvement, and for more appropriate assistance to the elderly and handicapped.

Hardest to ease is the plight of the "boxed in" generation—household heads in the 45-64 year age group. Retraining for them is more difficult than for the youngsters, for example, and so is job adjustment. With obsolete skills left over from when farm labor was in more demand, they require special tailoring of need to problem. This varies from man to man.

This study of rural change clearly points out new employment helps some families to improve rural living. But the problems are so large, that other programs must be offered.



## TWO UNUSUAL KEYSTONE CROPS:

### Horses . . .

If Pennsylvanians horse around more nowadays, it's logical. They have more horses.

A survey by USDA's Crop Reporting Service and the Pennsylvania Department of Agriculture estimated 85,000 horses, ponies, and mules in the State in 1967. The most recent previous official accounting by the U.S. Census of Agriculture, about 9 years ago, turned up about 58,000 on Pennsylvania farms.

Pennsylvania's interest in tabulating its equine population is not unique. Other States—New Jersey, New York, and Virginia—have run surveys in recent years to get a fresh line on what was once a declining inventory.

Shortly after the 20th century began, there were 26½ million horses and mules on farms in the United States. But when the last national census was taken in 1959, there were only 3 million—not enough to warrant continuing the survey. But in recent years the horse and pony have been rediscovered, mostly by recreationally interested people.

The Pennsylvania survey shows that while the horse may not be the source of much farm power anymore, it is certainly the source of a great deal of fun. Of the 85,000 equines in the State, about 73,000 were in the recreation category, for such things as show purposes, organized trail rides, 4-H activities, riding clubs, races, fox hunts, and weekend saddle bouncing. At least 90 percent of the remaining 11,500 work stock were held by the Amish, a religious group still employing the horse for farming and transportation.

Because of Pennsylvania's horse and pony popularity, allied businesses have been spurred upward economically. The annual value of grain, hay, and bedding used to maintain the horses is estimated at \$13 million and utilizes the output from 130,000 acres of cropland. An additional \$10 million is spent for blacksmithing, veterinary supplies, vitamins, harnesses and other equipment, and transportation.

Much of the upswing in ownership of pleasure horses and ponies is apparently occurring off farms. The survey found that 31 percent of the owners

sampled lacked facilities of their own and boarded their animals with farmers or at public stables. Ponies made up over 20 percent of the animals in the recreation class.

*Pennsylvania Crop Reporting Service*

### . . . and Mushrooms

Mushroom fanciers, take heart. The commercial crop this past season kept on doing what it did the year before—going up. It ended the season 10 percent ahead.

Although this is only the third year for regular mushroom production reports and the second nationally, signs seem to point to the gain in output as a trend.

Mushrooms are grown in dark areas—on earth beds in caves, cellars, and in windowless mushroomhouses—under high humidity. They are also grown in racks of trays in covered areas.

Two million more square feet of combined bed and tray space than the previous year were used for the crop in the year ended in June 1968.

The delectable fungi are cultivated in fills of special medium planted with highly organic spawn material.

Each fill lasts about 5 or 6 months, yielding about two major harvests and sometimes additional but lesser ones. A second fill depends largely on the decision of the grower about his market needs and problems of pest control and crop disease.

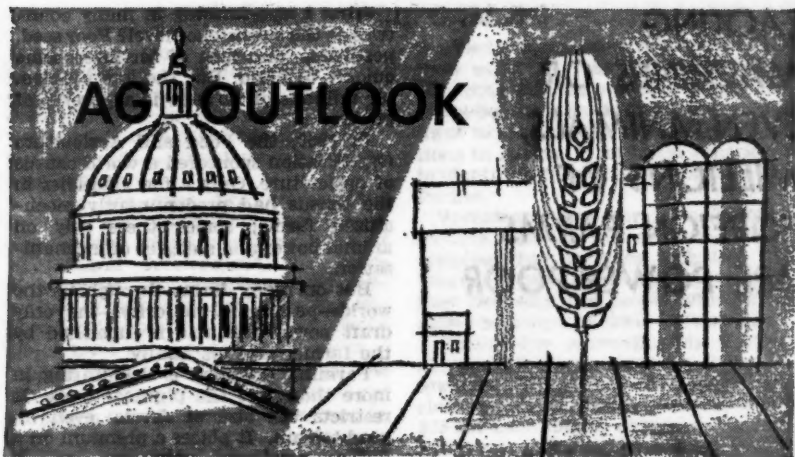
Total bed and tray area this past season amounted to 83 million square feet. The operation went this way: First fill, 34 million square feet; second fill, 28 million square feet; and the remaining fills, 21 million.

Only about one-fourth of the crop is sold fresh; most of it goes into cans and bottles. This year fresh mushrooms totaled 48 million pounds, while processors bought the rest.

Pennsylvania growers, using both beds and trays for cultivation, produce nearly two-thirds of the U.S. crop.

Fanciers can continue to cheer—growers now are acting on their expressed intentions to increase fillings some 3 percent this season.

*Statistical Reporting Service*



Based on Information Available October 1, 1968

#### **SOYBEANS: CARRYOVER INCREASES, USE SLOWS**

A sharp increase in the soybean carryover for next September is likely—close to double the 167 million bushels which remained from this past season. While the supply for 1968-69 is up nearly one-fifth, soybean utilization, which has been slowing, is expected to be little larger than in 1967-68.

World competition for fats and oils markets is increasing. Domestic competition with soybean oil in 1968-69 will come from cottonseed oil, 50 percent more plentiful than last season and lower in price, and continued low prices for lard.

#### **TOBACCO: SMALLER SUPPLY**

For the fourth straight year, the tobacco supply has declined. For the 1968-69 marketing year, the supply is estimated at 5.9 billion pounds, 4 percent lower than last season.

The supply reduction is the result of a slightly smaller carryover and an 8-percent smaller crop. The supply of U.S. flue-cured tobacco for 1968-69 is down 5 percent from last season. The burley supply is only 1 percent smaller.

#### **TOBACCO: EXPORT PROSPECTS**

New factors in the dynamics of world tobacco trade will make it difficult to attain last season's export level of over 500 million pounds. The United States, Canada, and India, traditionally the principal exporters of flue-cured tobacco, have 1968 crops about the same as last year, or less and U.N. sanctions against Rhodesia continue. But, other countries have increased production of both flue-cured and burley sufficiently to become important exporters.

Countries other than the United States have been stepping up shipments to the Common Market, and our shipments to the Market dropped sharply last year. England, our Number One tobacco customer, may take less American leaf this season.

## LACKING MACHINES OR EVEN ANIMALS, MILLIONS OF FOREIGN FARMS ARE POWER-POOR



This farmer in El Salvador, in Central America, typifies the worldwide lack of sufficient farm power. He must shell his crop of corn by suspending it in a net and beating it with a stick.

What keeps farming in many countries at the subsistence level? Poor seed, pestilence, and lack of fertilizer come quickly to mind. But the key problem for millions of farmers is a poverty of power.

In 1960, the Food and Agriculture Organization sponsored a world census of agriculture. Only a few countries in the census had predominantly mechanized farms; some others rely on animal power and a degree of mechanization.

But on many farms throughout the world—perhaps a majority—the only draft power available is furnished by the farmer and his family.

Farming this way is debilitating in more than just the physical sense. It restricts the size of farms, even on good terrain. It places a premium on a large agricultural population. And it keeps school-aged children tied to the soil.

Mechanization may be the most difficult hurdle to overcome. Spraying, inoculating against pestilence, and distributing hardy seeds, can be accomplished without too much capital investment. But the cost of owning and maintaining some sort of power is beyond the means of many people. Even when power is available, its use requires a willingness to experiment with new ways and to relinquish many old ones.

The poverty of power can be found in a country such as Colombia, in South America.

The 1960 F.A.O. census counted 1.2 million farms in Colombia. Of these, 65 percent reported using only human power. Only about 30 percent had animals for farmwork, and only 6 percent had any form of mechanized equipment.

Even in countries economically and industrially well-developed, farm power is frequently inadequate.

For example, Belgium reported 270,000 farms in the F.A.O. census. Farm machinery of all types was abundant, but most of it was horse-drawn. There were only 44,000 tractors, 8,700 internal combustion engines, and 9,500 trucks of all types on Belgian farms. At the same time, over one-half of the farms had electricity.

*Economic Research Service*



## WHAT YOU CAN DO

Farmers around the world seem to have a "show me" attitude, and introducing them to new methods is the challenging job of such agencies as the Department of Agriculture, the Agency for International Development, and the Peace Corps.

While the first two Government agencies use professional expertise to develop and apply new techniques of agricultural development, the Peace Corps uses the complementary approach of "people to people" at the village level. And the people the Peace Corps most needs today are farmers.

Even though the United States has the agricultural know-how, most of our corpsmen have had urban backgrounds. And India alone could use 10,000 agricultural volunteers.

Any U.S. citizen over 18 with no dependents under 18 can join the Corps. Married couples are welcome. Experience has shown that they do the best job; about 25 percent of volunteers are

married couples. Most volunteers are in their early 20's, but there are at least 50 abroad who are over 60.

Applicants can specify where they want to go. The choice is wide—25 nations in Africa, 19 in Latin America, 9 in South and East Asia, and 5 in the Pacific.

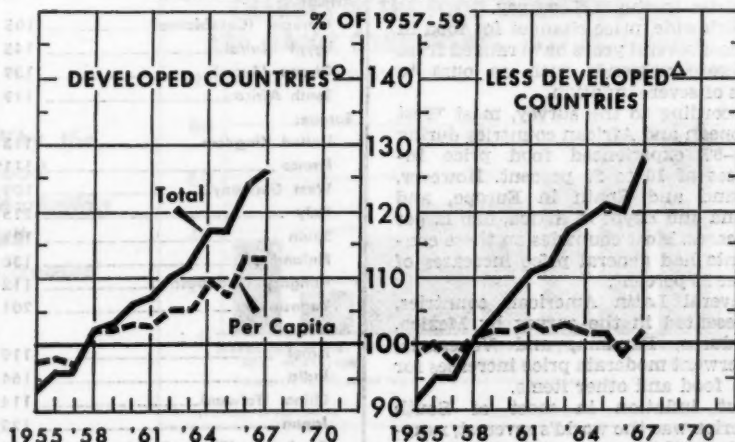
Volunteers serve for from 24 to 27 months. This includes a 12- to 13-week training that includes technical and language instruction. Once overseas, they live with the people and become active members of their communities.

During the approximately 2 years abroad volunteers receive a living allowance that covers food, housing, and clothing; upon return home they get \$75 for each month abroad.

Not much money for a great deal of work—but Peace Corps volunteers are not interested in money. They're interested in helping people help themselves.

So, if you're interested in joining the Peace Corps, write: Ed Pylik, Peace Corps, Washington, D.C. 20525.

### WORLD AGRICULTURAL PRODUCTION



○ NORTH AMERICA, EUROPE, USSR, JAPAN, REPUBLIC OF SOUTH AFRICA, AUSTRALIA, AND NEW ZEALAND.  
 ▲ LATIN AMERICA, ASIA (EXCEPT JAPAN AND COMMUNIST ASIA), AFRICA (EXCEPT REPUBLIC OF SOUTH AFRICA).

The less developed countries of the world are increasing their farm output just as fast as the more developed countries. Unfortunately, that isn't fast enough. To keep pace with their rapidly growing populations, the developing countries have to boost their food output faster than the developed countries. Otherwise, food output per person will actually fall.

Last year's harvest in the less developed countries was over 6 percent larger than in 1966 and 30 percent larger than in 1957-59. Yet, output per capita in these countries was only 2 percent larger than in 1957-59.

## COMPARED WITH OTHER COUNTRIES, U.S. FOOD PRICE GAIN IS MODEST

Though retail food prices have gone up in the United States, greater farm efficiency has kept food price gains moderate, and our increase is among the world's smallest.

Between 1963 and 1967, the index of U.S. food prices went up 10 percent. According to data for 45 countries collected by the United Nations, only seven countries had lesser food-price gains than ours during the period.

Part of the increasing average price of food to the consumer results from the unprecedented expenditures for the eating out Americans have been doing. Food away from home, priced to cover preparing and serving costs, has become much more expensive in recent years.

Food price changes in the countries surveyed were roughly the same as changes in the price index of all goods.

The price index of all U.S. consumer goods increased 9 percent in 1963-67, a lesser increase than in all but 7 of the countries in the U.N. survey.

Worldwide, price changes for food in the past several years have ranged from moderate uptrends such as ours to cases of severe inflation.

According to the survey, most West European and African countries during 1963-67 experienced food price increases of 10 to 20 percent. However, Finland and Spain in Europe, and Ghana and Egypt in Africa, had larger increases. Most countries on these continents had general price increases of under 20 percent.

Several Latin American countries, represented in the survey by Mexico, Honduras, Panama, and Venezuela, underwent moderate price increases for both food and other items.

But inflation in most of South America was the world's severest, ranging from 60 percent in Colombia to over 400 percent in Brazil.

Although food prices generally rise less rapidly than others, the reverse was true in Asia and Oceania. But food price changes there since 1963 ranged

from a decline of 7 percent in Cambodia to inflation of 263 percent in Saigon, South Vietnam. Serious inflation occurred in India and the Philippines.

*Helen M. Eklund  
Economic Research Service*

### FOOD PRICE INDEX IN 1967 (1963=100)

<b>North America:</b>	
United States	110
Canada	112
<b>Latin America:</b>	
Honduras (Tegucigalpa)	108
Mexico (Mexico City)	115
Panama (Panama City)	107
Venezuela (Caracas)	106
Brazil (Sao Paulo)	539
Chile (Santiago)	273
Colombia (Bogota)	158
<b>Africa:</b>	
Morocco (Casablanca)	105
Egypt (Cairo)	145
Ghana (Accra)	139
South Africa	119
<b>Europe:</b>	
United Kingdom	113
France	111
West Germany	109
Italy	115
Spain	132
Finland	130
Hungary (Budapest)	112
Yugoslavia	201
<b>Asia:</b>	
Israel	119
India	164
China (Taiwan)	114
Japan	123
Cambodia (Phnom-Penh)	93
Vietnam, Rep. (Saigon)	363
<b>Oceania:</b>	
Australia	117
Philippines (Manila)	136

## FOOD MARKET DEVELOPMENTS:

### Farm Value Up

Returns to farmers for the market basket of farm foods have been higher this year than in 1967. The market basket contains the average quantities of farm food purchased annually per wage-earner household in 1960 and 1961.

In the second quarter of 1968, the market basket cost \$1,114. The farm value of these foods worked out to \$436. The farm value is computed essentially by multiplying current farm prices by the amount of each commodity equivalent to the foods in the basket.

The second quarter farm value rose 3 percent over the first, and 7 percent over the same quarter last year. For the remainder of this year, prices farmers received for food products are expected to remain higher than in 1967.

In the first two quarters of 1968, farmers received 39 cents of each dollar spent for market basket foods, com-

pared with 38 cents in the same quarters last year.

### More Food Consumed

The volume of domestic farm foods marketed through U.S. retail outlets (including away from home eating places) has increased one-fifth since 1957-59.

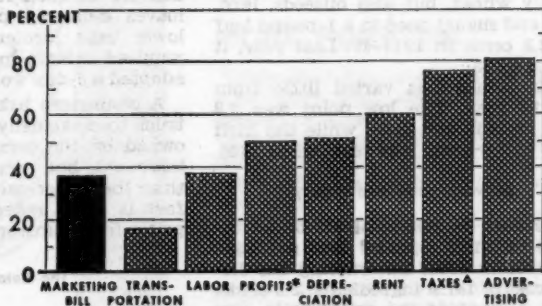
The most obvious reason for this is our population growth. In the decade between 1957 and 1967, the civilian population of the United States grew by 16 percent.

Another important factor increasing the volume of farm foods marketed is a lessening dependency of rural people on homegrown foods.

The farm value of these foods grew by an even larger percentage than the volume. Between 1957-59 and 1967, returns to farmers from these foods grew 31 percent, totaling \$27.4 billion in 1967.

### Why the Food Marketing Bill Increased

CHANGES IN THE FOOD MARKETING BILL AND MAJOR COMPONENTS, 1957-59 TO 1966



U.S. DEPARTMENT OF AGRICULTURE

NEG. ERS 588-49 (7) ECONOMIC RESEARCH SERVICE

The marketing bill—all the costs involved in marketing farm-originated foods to U.S. consumers—increased \$14.8 billion between 1957-59 and 1966. This increase was due both to a larger volume of food marketed and higher costs. As shown above, certain costs rose more rapidly than the total bill, particularly business taxes and advertising. In contrast, labor costs—the largest item in the bill—increased about the same percentage as the total bill. However because of its importance, labor accounted for about half of the increase in the bill, far more than any of the other cost components.

# FARM VALUE OF BREAD STAYS THE SAME

When food prices go up, does it mean the farmer is making more money? This is not necessarily the case, as any farmer can tell you.

In reality, when a higher price appears on the shelf, it can mean that costs have changed anywhere along the food marketing channel.

Bread is a good example.

The price of bread has risen in recent years. A 1-pound loaf of white bread at the store, nearly identical to one which sold for 13 cents two decades ago, sells for 22 cents today.

But farmers are not making more money because of higher bread prices. Despite little or no change in the farm value of bread ingredients, costs at other stages of making and selling bread have more than doubled in some cases. And most of these increases are passed along to consumers.

By one measure, farmers are making less money on bread than in past years: As the average retail price of a 1-pound loaf went up, the farmer's share of the retail price declined.

## The Farm Spread

The farmer's return for commodities (mostly wheat, but also oilseeds, lard, milk, and sugar) used in a 1-pound loaf was 3.3 cents in 1947-49. Last year, it was 3.4 cents.

This return has varied little from year to year. The low point was 2.8 cents in 1959 and 1960, while the high value of 3.6 cents was reached in 1966.

## Between Farm and Bakery

The cost to bakers of all bread ingredients in a 1-pound loaf averaged 5.6 cents in 1967. Subtracting the 3.4-cent cost of farm ingredients, 2.2 cents, or 10 percent of the retail price, was added between farm gate and baking pan.

Included in this spread are the cost of milling flour, 0.6 cent, of storing and shipping ingredients, processing other ingredients, and the cost of nonfarm ingredients, 1.6 cents.

The spread between farm and bakery has increased 0.5 cent, or 30 percent, since 1947-49. However, the 0.6-cent part representing flour milling is no higher than it was 20 years ago.

## The Bakery Spread

Roughly half of the bread price, or 12.1 cents in 1967, goes to the bakery. The baker's charge thus is almost double the 1947-49 average of 6.3 cents.

Much of this increase can be attributed to higher wages, salaries, and fringe benefits. These items cost an average of 7 cents per loaf, versus only 3 cents 20 years ago.

For the giants of the baking industry, at least, added profits are not part of the current price picture. Although the baker's price for each loaf sold has nearly doubled, profits after taxes for five major baking companies have fallen—from about 4 percent of sales in 1947 to 2 percent today.

The increase in the bakery spread is partly due to higher delivery costs.

The increase in delivery costs has probably averaged higher for wholesale bakeries than for those belonging to supermarket chain companies.

Wholesale bakeries, which rely on driver-salesmen to deliver and shelve bread in stores and to place new orders, have paid more and more for the delivery of each loaf. The number of loaves delivered per driver is much lower than formerly. The number of required drivers increased as bakeries adopted a 5-day workweek.

A chainstore bakery can use a large truck to make deliveries to many stores owned by the company. The cost has increased, but remains lower per loaf than the driver-salesman method. This fact is often reflected in lower retail prices for chainstore brands of bread.

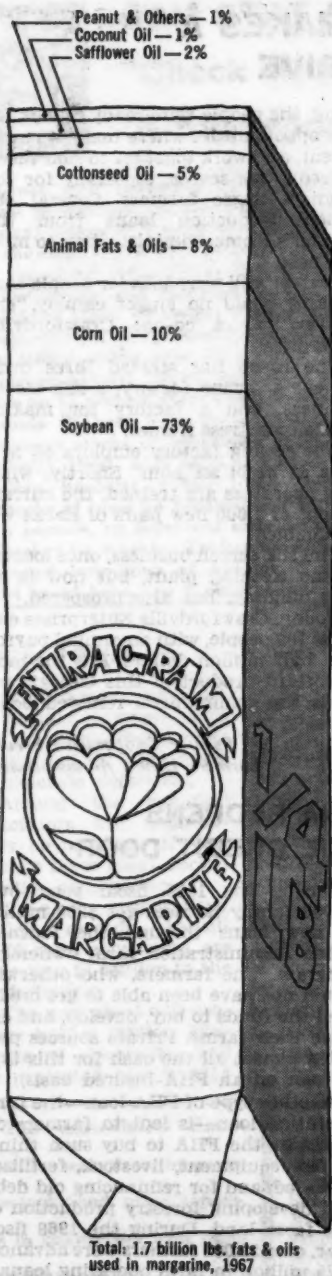
## The Retail Spread

The spread between wholesale bakery and retail store prices averages 4.5 cents, double the amount 20 years ago.

Over the past 20 years, the various costs involved in making and selling bread have taken an increasing share of the total price, leaving 15 percent of the total as the farmer's return today, instead of the 25-percent share in 1947-49.

J. C. Eiland

Economic Research Service



## Slicing the Stick

To spread margarine on bread, or set it sizzling in the pan, 10.5 pounds per person were used last year. U.S. margarine production totaled 2.1 billion pounds, an alltime record.

To make their product, margarine manufacturers used 1.7 billion pounds of fats and oils, principally soybean oil.

Use of animal fats and oils included a record amount of lard. The proportion of beef fat used was small.

## LESS SIRUP

Sweet-toothed U.S. citizens consumed 29 million pounds of maple sirup during 1967, down from almost 35 million pounds a year earlier.

U.S. production of maple sirup was down to less than 11 million pounds during 1966 and 1967, from annual outputs of 12-17 million pounds during 1960-65.

Imports, virtually all from Canada, helped offset our production declines. Also, several blenders of sirup have cut the maple sirup in their blends from 15 to 10 percent.

## MORE PORKERS

Corn Belt hog producers had 1 percent more hogs and pigs on farms September 1 than a year earlier. And, they intend to increase farrowings 4 percent through February 1969, compared with the same months last fall and winter.

The 10 States showed a 5-percent increase in hogs and pigs kept for breeding and a 1-percent upward change in market hogs and pigs, which are the bulk of the total inventory.

In addition, 4 percent more sows have been bred for farrowing in September, October, November, 1968 than in 1967. Increased farrowings are expected in each of the 10 States.

An increase in farrowings is also intended by producers for the next 3-month period, December 1968 to February 1969. Intentions call for 4 percent more sows to farrow than in these months of 1967-68.

*Statistical Reporting Service*



## THE TEAMWORK THAT MAKES A RURAL COMMUNITY THRIVE

During their annual October observance of Co-op Month, millions of farmer cooperative members are reviewing their role as community builders.

Of course, cooperatives save farmers money and make greater earnings possible.

But cooperatives also benefit communities as thriving businesses. Rural-based co-ops provide jobs for over 200,000 people; their annual payroll is better than \$1 billion. They pay local taxes, purchase municipal utilities, and do business with local merchants.

In many communities, whether in large cities or rural areas, cooperatives help fill such needs as health services, electricity, telephone communications, or housing.

One example is Williston, N. Dak., where much of the town's expanding services have been channeled through cooperatives.

The cooperative idea has had a distinguished history in this town of 12,000. Over the decades, Williston folk have tried out many kinds of co-ops. There are 11 co-ops going today in Williston, with a total sales volume of \$4.5 million and an annual payroll of \$400,000.

Two are widely known for their achievement: the largest U.S. credit union serving a rural area, and one of the largest co-op supermarkets in the West. In addition, cooperatives operate a rural electrification system, grain terminal, lumber yard, oil company, creamery, insurance company, and a liquified petroleum gas plant.

As people in rural Georgia discovered, cooperatives also meet another need, as necessary to the community as material well-being. A co-op can unite individuals, too often isolated by the forces of rural change, stirring the essential faith in a community.

A few years ago, Taliaferro County, Ga., was a textbook case of rural poverty. More than two-thirds of the county population of about 700 families lived in poverty.

Today, you are more likely to read about Taliaferro County in a text on rural rehabilitation.

What made the difference? For one

thing, the people were ready to look for new opportunities where none were apparent, and work together to find them.

Credit was scarce, especially for the county's Negro farmers. Several obtained production loans from the Farmer's Home Administration to meet this need.

Scarcer still were jobs for people that farming could no longer employ. The answer was a co-op: Crawfordville Enterprises.

The co-op has started three businesses: a sewing factory, a silk screen business, and a factory for making wooden mattress frames.

The sewing factory employs 68 persons at \$1.60 an hour. Shortly, when new operators are trained, the current output of 1,000 new pairs of slacks will be doubled.

The silk screen business, once located in the clothing plant, but now in its own building, has also prospered.

Today, Crawfordville Enterprises employs 109 people, with an annual payroll of a half-million dollars. But the most important product of this Georgia co-op is the community's renewed belief in itself.

*Farmer Cooperative Service  
Farmers Home Administration*

## FHA REOPENS THE CREDIT DOOR

During the 1968 fiscal year, over 10,000 family farmers got \$205 million in new loans through the Farmers Home Administration farm ownership program. The farmers, who otherwise would not have been able to get credit, used the funds to buy, develop, and enlarge their farms. Private sources provided almost all the cash for this type of loan on an FHA-insured basis.

Another type of FHA loan—the farm operating loan—is lent to farmers directly by the FHA to buy such things as new equipment, livestock, fertilizer, and seed, and for refinancing old debts and developing forestry production on idle farm land. During the 1968 fiscal year, over 50,000 farmers were advanced \$275 million in farm operating loans.



## SAM STAT SAYS "Check My Data" A brief roundup

OCTOBER 1968

In This Issue

■ Grass seed situation: Merion Kentucky bluegrass production (grown mainly in four Western States) dropped 28 percent this year. ■ Production of chewings fescue seed (Oregon) this year is down by one-third from 1967. Red fescue production (Washington and Oregon) is down one-fourth. ■ Taking stock of crops: September 1 stocks of rough rice were 44 percent lower than a year earlier, but milled stocks were 44 percent higher. ■ With a record harvest likely, August 31 peanut stocks were up 35 percent from 1967, totaling 806 million pounds. ■ These were the last four September 1 carryover stocks of soybeans: 1965, 29.7 million bushels; 1966, 35.6 million bushels; 1967, 90.1 million bushels; 1968, 166.6 million bushels. ■ Stocks of hops on September 1 totaled 26.8 million pounds, an 8-percent increase from last year. ■ Turkey time again: Turkey breeders in 15 States reported intentions of holding 3 percent fewer light breed hens, but 4 percent more heavies.

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Raymond Bridge

### ATOM POWER

Three years from now, a nuclear powered plant on the Connecticut River at Vernon, Vt., will begin to generate electricity.

Among the proudest spectators will undoubtedly be members of Vermont's three rural electrification cooperatives.

These cooperatives, which already benefit 8,500 rural consumers, are investing \$1 million in the undertaking.

The new plant will produce half a million kilowatts of electricity, and its projected cost is \$115

million. The financial requirements are being met by 10 commercial power companies under a venture called Vermont Yankee Nuclear Power.

The huge kilowatt capacity means an additional source of power for meeting future needs, and producing it cheaper than other power plants in the area using traditional fuels.

Eight of the companies in Vermont Yankee, located in neighboring New England States, will use 45 percent of the plant's output. Fifty-five percent of the capacity will be

shared by two Vermont companies, the three co-operatives and other electric distribution utilities in the State.

The rural cooperatives were able to become part owners in the corporation because of money loaned to them by USDA's Rural Electrification Administration.

As a result of this REA first—loans for ownership participation in a nuclear power plant—the cooperatives will share in power planning and other matters concerning future developments by Vermont Yankee.

The Agricultural Situation is sent free to crop, livestock, and price reporters in connection with their reporting work.

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Three years from now, a nuclear-powered plant on the Connecticut River at Vernon, Vt., will begin to generate electricity. Among the power's specialties will undoubtedly be membership of Vermont's three new electric power cooperatives. The cooperatives, which already benefit 3,500 rural customers, are investing \$50 million in the new plant.

